

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
GRAY DAVIS, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
GOVERNOR'S BUDGET
FISCAL YEAR 2003-04**

JANUARY 2003

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2003-04
- HIGHLIGHTS -**

The Fiscal Year (FY) 2003-04 Governor's Budget proposes to realign multiple alcohol and drug programs; including Drug Medi-Cal services (Regular and Perinatal), Drug Court Programs, Substance Abuse and Crime Prevention Act (Proposition 36) activities, and Non-Drug Medi-Cal services (Regular and Perinatal). Under realignment, counties will be provided with a dedicated local revenue source to support the continuation of these programs and services. In addition, the Governor's Budget proposes to eliminate the Resource Center, which is managed by the Department's Prevention Services Division.

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) proposed budget for FY 2003-04 is \$483.1 million. This represents a total reduction of \$94.6 million (16%) as compared to the budget for FY 2002-03. Of the total \$483.1 million, \$448.7 million (92.9%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$34.4 million (7.1%) is for State Support [Exhibit A]. The proposed budget authorizes 319 positions for ADP. This represents a net decrease of 34 positions (9.6%) as compared to the 353 authorized positions in FY 2002-03.

GENERAL FUND TOTAL

The proposed budget includes \$5.7 million (1.2% of the total budget) in State General Fund (SGF) for ADP State Support activities [Exhibit B]. This represents a 95% decrease in ADP's SGF as compared to the FY 2002-03 total SGF appropriation of \$116.7 million.

GENERAL FUND REALIGNMENT

The proposed budget reflects SGF savings of \$230.4 million due to the realignment of Proposition 36, Drug Court, Drug Medi-Cal (Regular and Perinatal), and Non-Drug Medi-Cal services (Regular and Perinatal) to the counties, along with an independent fund source to support the continuation of these activities at the local level. The following is a summary of the SGF savings associated with the realignment of ADP's Local Assistance dollars:

- \$17.3 million Non-Drug Medi-Cal Alcohol and Other Drug Services
- \$23.4 million Non-Drug Medi-Cal Perinatal Services
- \$ 4.6 million Drug Court Partnership Act
- \$ 6.6 million Comprehensive Drug Court Implementation Act
- \$47.0 million Drug Medi-Cal Alcohol and Other Drug Services
- \$ 2.1 million Drug Medi-Cal Perinatal Services
- \$ 8.9 million Other
- \$109.9 million Total Local Assistance SGF Realignment

In addition, the proposed realignment of the Proposition 36 activities includes SGF savings of \$117 million in Local Assistance.

There is an additional SGF savings of \$3.4 million in State Support resulting from the elimination of 29.2 positions in support of the above-mentioned realigned activities. The State Support reduction includes \$600,000 associated with the long-term longitudinal study for Proposition 36. The following is a summary of the position reductions due to the realignment of Local Assistance services previously funded with SGF:

- Proposition 36 – 24.2 positions. This includes eliminating 2 positions associated with preparing the Annual SACPA Report due to the Legislature and oversight of the interagency agreement for the long-term longitudinal study. Also eliminated are 2 positions for information technology activities, and 6.2 positions for audit activities.
- Drug Court Partnership Act – 2 positions (including 1 position for evaluation activities).
- Comprehensive Drug Court Implementation Act – 2 positions.
- Other – 1.0 position.

OTHER REDUCTIONS

The proposed budget also includes the elimination of 6.5 positions associated with ADP's Resource Center.

FEDERAL FUNDS

The proposed budget includes \$273.3 million in Federal Trust Funds, which represents 56.6% of ADP's total budget [Exhibit B]. Of this amount, the net Substance Abuse Prevention and Treatment (SAPT) Block Grant is \$258.2 million [Exhibit C]. (The net SAPT dollars reflects the \$2 million transfer to the Department of Health Services in compliance with the requirements established for the Sale of Tobacco to Minor Control Account.) Of the net SAPT dollars, \$240.9 million is for Local Assistance and \$17.3 million is for State Support. With respect to the Safe and Drug Free Schools and Communities (SDFSC) Grant, the proposed budget includes \$10.6 million, of which \$8.6 million is for Local Assistance and \$2.0 million is for State Support [Exhibit C]. The proposed budget also includes the addition of two new grant awards, as follows: the State Incentive Grant for \$4.0 million and the State Data Infrastructure Grant for \$100,000.

DRUG MEDI-CAL PROGRAM

The Drug Medi-Cal (DMC) program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic treatment program, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon DMC caseload estimates for FY 2003-04 developed by ADP's Office of Applied Research and Analysis, the proposed budget for Local Assistance reflects a total of \$49.0 million in DMC federal financial participation (reimbursement from Department of Health Services). Of the \$49.0 million, \$46.9 million is for DMC Regular and \$2.1 million is for DMC Perinatal [Exhibit C]. This represents a decrease of \$1.7 million (\$1.1 million DMC Regular and \$0.6 million DMC Perinatal) in federal financial participation as compared to the FY 2002-03 budget of \$50.7 million.

The proposed budget for State Support includes \$3.5 million in SGF and \$3.5 million in federal financial participation for the DMC program [Exhibit C].

FEDERAL MEDI-CAL ASSISTANCE PERCENTAGE

The Federal Medi-Cal Assistance Percentage (FMAP), which is the percentage used to determine the federal share of the Medi-Cal Program, is 50 percent as of October 2002. No change is proposed for Federal Fiscal Year 2003. This represents a decrease from the previous FMAP of 51.4 percent in effect prior to October 2002.

WELFARE REFORM – CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain employment over a long period of time. As a result of realignment, the proposed budget for the Department of Social Services includes \$23.2 million in SGF with a matching county share of \$23.2 million for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. As reflected in the past, the CalWORKs SGF for substance abuse will continue to be specifically identified in the county allocation.

Health Insurance Portability and Accountability Act (HIPAA)

ADP's proposed budget for HIPAA remains at \$2 million (\$1 million SGF and \$1 million Reimbursements) [Exhibit C]. The proposed budget also continues to include authority for five positions in support of HIPAA.

Performance Partnership Grants

The federal Performance Partnership Grants are a new performance-based funding process for the federal Substance Abuse Prevention and Treatment Block Grant commencing in October 2003. The State will be required to collect outcome data using a continuous quality-improvement framework. The proposed budget for FY 2003-04 includes three positions (two of which are limited term) and \$242,000 in federal funds to implement these new requirements.

Narcotic Treatment Program Licensing

ADP's proposed budget for FY 2003-04 includes an increase of \$405,000 and one limited-term position to support the caseload growth associated with the licensure of office-based opiod treatment programs and other narcotic treatment programs. The programs will increase access to narcotic treatment in remote areas.

Licensing and Certification

Proposition 36 requires any alcohol and/or drug recovery or treatment programs receiving Proposition 36 funds to be licensed or certified by ADP. The proposed budget for FY 2003-04 includes the conversion of two limited-term positions to permanent in support of these caseload activities.

State Incentive Grant

ADP has received a \$4 million federal grant award to implement science-based prevention programs and practices targeting binge drinking among 12-25 year old youths and young adults. These funds will be allocated through a competitive grant process to approximately 20-25 counties, with the grant amount dependent on the scope of the proposed local initiative. The proposed budget includes three limited-term positions and \$500,000 in State Support to implement these activities, with the remaining \$3.5 million in Local Assistance.

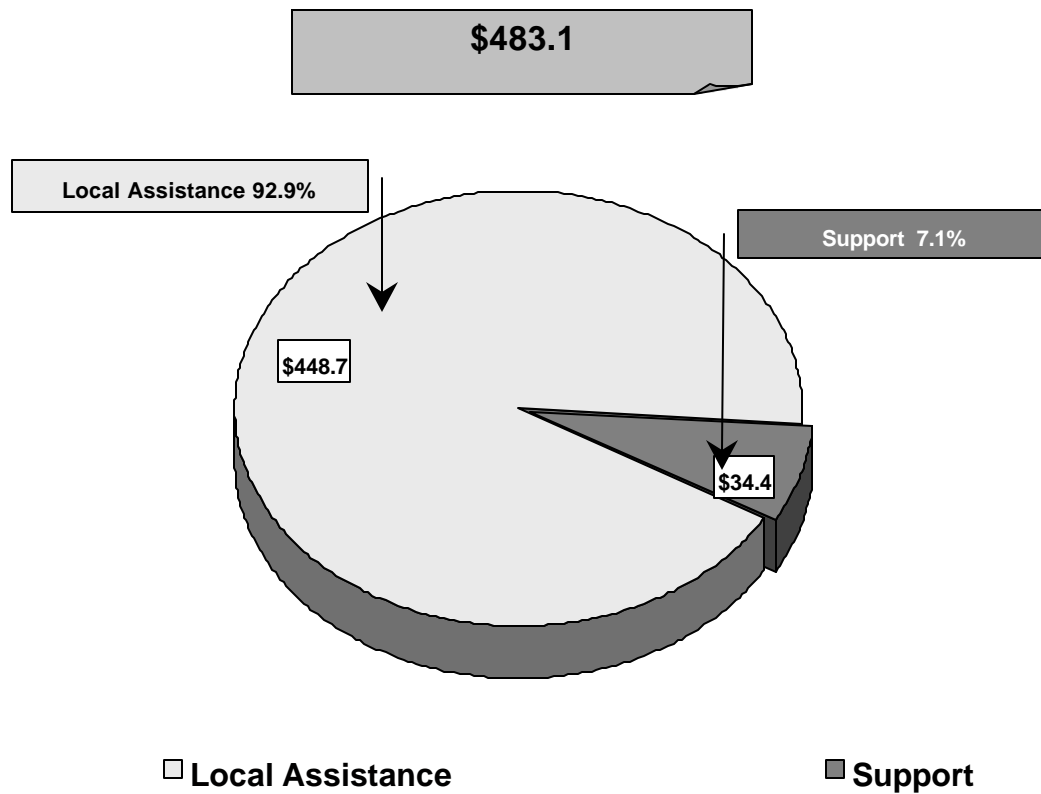
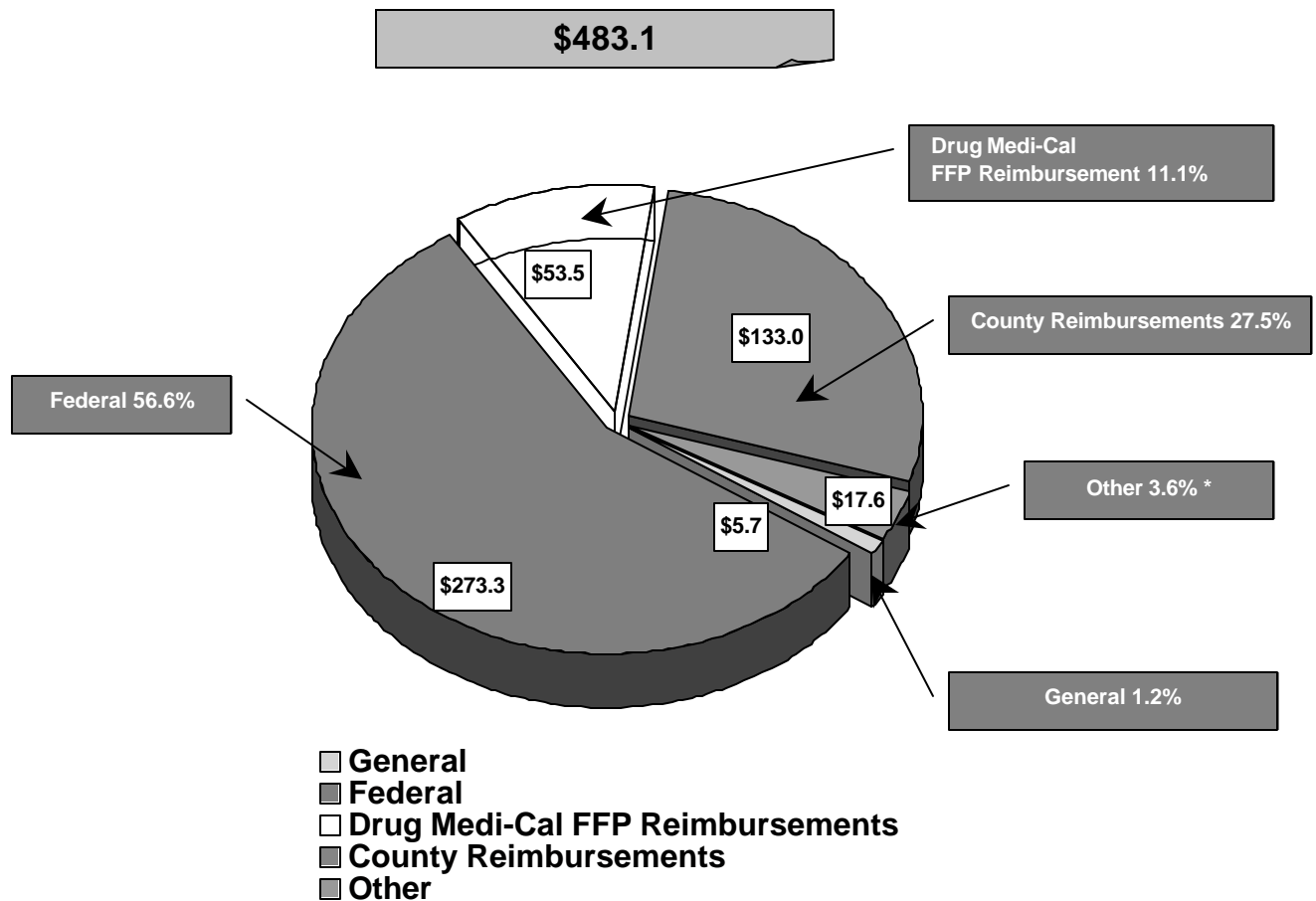
EXHIBIT A**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2003-04****BUDGET BY CATEGORY**
(\$ IN MILLIONS)

EXHIBIT B

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Governor's Budget
FISCAL YEAR 2003-04**

**BUDGET BY FUND SOURCE
(\$ IN MILLIONS)**



* "OTHER" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, RESIDENT-RUN HOUSING REVOLVING FUND, THE DEPARTMENT OF CORRECTIONS REIMBURSEMENT CONTRACT, THE OFFICE OF TRAFFIC SAFETY REIMBURSEMENT CONTRACT, AND THE DEPARTMENT OF SOCIAL SERVICES REIMBURSEMENT CONTRACT.

EXHIBIT C

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2003-04**

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGET	TOTAL PERCENTAGE
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$5,673	\$0	\$5,673	1.17%
Non-Drug Medi-Cal Regular	\$1,191	\$0	\$1,191	0.25%
Non-Drug Medi-Cal Perinatal	\$0	\$0	\$0	0.00%
Drug Medi-Cal Regular	\$3,298	\$0	\$3,298	0.68%
Drug Medi-Cal Perinatal	\$196	\$0	\$196	0.04%
HIPAA	\$988	\$0	\$988	0.20%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,573	\$0	\$1,573	0.33%
Narcotic Treatment Program Licensing Trust Fund	\$1,550	\$0	\$1,550	0.32%
Audit Repayment Trust Fund	\$67	\$0	\$67	0.01%
Federal Trust Fund	\$20,219	\$253,047	\$273,266	56.56%
Substance Abuse Block Grant	\$19,315	\$240,898	\$260,213	53.86%
Sale of Tobacco to Minors Control Account	(\$2,000)	\$0	(\$2,000)	-0.41%
Safe and Drug Free School	\$1,987	\$8,649	\$10,636	2.20%
Uniform Data Systems	\$317	\$0	\$317	0.06%
State Data Infrastructure Grant	\$100	\$0	\$100	0.02%
State Incentive Grant	\$500	\$3,500	\$4,000	0.83%
Resident-Run Housing Revolving Fund	\$0	\$39	\$39	0.01%
County Reimbursements	\$0	\$133,012	\$133,012	27.53%
Other Reimbursements	\$5,339	\$62,625	\$67,964	14.07%
Substance Abuse Svs. For Indian Health Clinics (DSS Reimbursement)	\$186	\$2,624	\$2,810	0.58%
Drug Medi-Cal Regular (DHS FFP Reimbursement)	\$3,298	\$46,961	\$50,259	10.40%
Drug Medi-Cal Perinatal (DHS FFP Reimbursement)	\$196	\$2,069	\$2,265	0.47%
HIPAA (DHS FFP Reimbursement)	\$987	\$0	\$987	0.20%
Parolee Services Network (CDC Reimbursement)	\$423	\$10,971	\$11,394	2.37%
Office of Traffic Safety	\$249	\$0	\$249	0.05%
TOTALS	\$34,421	\$448,723	\$483,144	100.00%